

P-577, 555, 421/CP-93-1221 ORDER REQUIRING COST STUDIES AND PROPOSED  
RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service From Zumbrota to Pine Island,  
Oronoco, and Rochester

ISSUE DATE: April 15, 1994

DOCKET NO. P-577, 555, 421/CP-93-1221

ORDER REQUIRING COST STUDIES AND  
PROPOSED RATES

**PROCEDURAL HISTORY**

On December 2, 1994, the Commission received a petition from customers of the Zumbrota exchange of the Zumbrota Telephone Company (Zumbrota) for extended area service (EAS) to the Pine Island, Oronoco, and Rochester exchanges. Pine Island and Oronoco are served by Pine Island Telephone Company (Pine Island).

On January 20, 1994, Zumbrota filed its traffic study.

On February 11, 1994, the Minnesota Department of Public Service (the Department) filed a letter concerning the traffic study, and recommending that the Oronoco exchange be dropped from the routes under study.

On March 8, 1994, and March 16, 1994, Pine Island and Zumbrota filed comments supporting the continuance of the petition in the form in which it was filed.

On March 28, 1994, the Department stated orally that it did not wish to pursue the issue of which exchanges listed on the petition should continue.

On April 12, 1994, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

Minn. Stat. § 237.161 (1992) requires the installation of an EAS route when three criteria are met:

1. the petitioning exchange is contiguous to an exchange or local calling area to which EAS is requested in the petition;
2. at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which EAS is requested, as determined by a traffic study; and
3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary.

**Adjacency**

The official exchange maps on file with the Department pursuant to Minn. Stat. § 237.16, subd. 2

(1992) show that the Zumbrota exchange shares a boundary with the Pine Island exchange but not with either the Oronoco or Rochester exchanges. The Pine Island exchange, however, is part of a local calling area containing the other two petitioned exchanges, Oronoco and Rochester. As such, the Commission will construe the petition as a request for EAS to the Zumbrota-Oronoco-Rochester local calling area and find that Zumbrota, be reason of its shared border with Pine Island, meets the adjacency requirement for all three petitioned exchanges via the local calling area manner of adjacency authorized in the EAS statute. See Minn. Stat. § 237.161, subd. 1 (a) (1) (1992).

### Traffic

The statute requires that one or more calls be made to the local calling area by at least half of the customers in the petitioning exchange. Zumbrota filed extensive traffic studies showing the calling by access line from Zumbrota to each of the exchanges included in the petitioned local calling area.

The traffic to the Oronoco exchange alone would not have been sufficient if a Zumbrota-Oronoco route were being considered separately. Fewer than half of the Zumbrota subscribers made one or more calls per month to Oronoco. However, as discussed above, the petitioned entity is the Pine City-Oronoco-Rochester local calling area. As such, the traffic between Zumbrota and Rochester, which exceeds one call per month for more than 50 percent of Zumbrota subscribers, is sufficient to meet the traffic requirement for the entire local calling area.

### Polling

The EAS statute's third and final requirement is that polling of Zumbrota subscribers must show that there is sufficient subscriber support for the proposed route. Before proceeding to poll Zumbrota subscribers, however, the Commission will determine EAS rates for the Zumbrota exchange and make that information available to Zumbrota subscribers as part of the balloting process.

In preparation to set these rates, the Commission will require the affected telephone companies<sup>1</sup> to file cost studies and proposed rates for EAS between Zumbrota and the Pine Island-Oronoco-Rochester local calling area. In their cost studies and calculating proposed

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<sup>1</sup> The affected telephone companies in this matter are: Zumbrota Telephone Company (Zumbrota) serving the petitioning exchange Zumbrota, U S West Communications, Inc. (USWC) serving the Rochester exchange and Pine Island Telephone Company (Pine Island) serving the Pine Island and Oronoco exchanges.

rates, the companies should use a stimulation factor of 3, as determined by the Commission for other outstate exchanges.<sup>2</sup>

Following receipt of this information, recommendations by the Department, and final comments by the parties, the Commission will set the EAS rates and proceed to polling.

### **ORDER**

1. Within 60 days of this Order, Zumbrota Telephone Company (Zumbrota), Pine Island Telephone Company (Pine Island), and U S West Communications, Inc. (USWC) shall file cost studies and proposed rates. The cost study methodologies shall be consistent with previous Commission decisions for non-metropolitan area EAS routes, and shall use a stimulation factor of 3.
2. The companies shall file sets of proposed rates showing the petitioning exchange bearing 75 percent, 60 percent and 50 percent of the EAS revenue requirement.
3. Within 45 days following the filing of cost studies and proposed rates by the companies, the Minnesota Department of Public Service (the Department) shall file a report and recommendation concerning the proposed rates. If the Department recommends any changes to the cost studies or proposed rates, the Department shall file the new proposed rates assuming a 75 percent, 60 percent, and a 50 percent allocation to the petitioning exchange.
4. Parties shall have 20 days to respond to the report of the Department.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)

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<sup>2</sup> See the Commission's March 25, 1994 ORDER ADOPTING STIMULATION FACTOR AND REQUIRING COST STUDIES AND PROPOSED RATES in ten joined matters: Docket Nos. P-500, 415/CP-93-1057, P-500, 415/CP-93-1240, P-416, 421/CP-93-554, P-407/CP-93-256, P-407, 421, 406/CP-92-1415, P-407, 421/CP-93-401, P-407, 421/CP-93-594, 595, 596, P-407, 421/CP-93-846, P-577, 555, 421/CP-93-1221, P-415, 421/CP-93-666.